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CONSOLIDATED MANITOBA MINES LIMITED



1966

THIRTY-NINTH ANNUAL REPORT

CONSOLIDATED MANITOBA MINES LIMITED

Directors

PETER O. HEADLEY, New York, N.Y.
ANDREW AZZARA, Brooklyn, N.Y.
DR. MORTON SCHIFF, New York, N.Y.
JOSEPH P. CUNNINGHAM, New York, N.Y.
WILLIAM D. HAMILL, Falmouth, N.H.
GARY T. BRAZZELL, Winnipeg, Manitoba
R. J. DONOVAN, Toronto, Ontario

Officers

PETER O. HEADLEY, President
ANDREW AZZARA, Vice-President
DR. MORTON SCHIFF, Secretary-Treasurer

Head Office

Suite 600
213 Notre Dame Avenue
Winnipeg 2, Manitoba

*Registrar &
Transfer Agent*

THE ROYAL TRUST COMPANY
Winnipeg, Manitoba

Auditors

NEFF, GOODWIN & COMPANY
Toronto, Ontario

FEB - 1 1967

CONSOLIDATED MANITOBA MINES LIMITED

TO THE SHAREHOLDERS:

Your Directors submit herewith the 39th Annual Report of your Company, together with financial statements for the fiscal year ended August 31st, 1966 as reported on by the Company's Auditors.

During the past season, your Company's main exploration effort was concentrated on the Coronation Gulf property in the Northwest Territories. 3,777 feet of diamond drilling were completed and a substantial amount of surface prospecting, trenching and sampling was carried out. While exploration was concentrated on the original 50 claims in the H Group, detailed surface prospecting and trenching was carried out on an 18-claim group staked to the south of the H Group and on a 30-claim block to the east which was taken under option; however, no significant results were obtained on either of the new claim groups. On the main H Group, diamond drilling of the "A" and "G" zones of the number 3 vein did not substantiate surface indications. Most favourable results were obtained in the drilling of the "E" zone of the number 3 vein where there was good correlation with surface trenching. A length of 186 feet averaging 0.45 ounces of gold per ton across a true width of 4.1 feet was indicated in seven consecutive drill holes. The past season's work would seem to confirm the theory that relatively large tonnages grading 0.40 to 0.50 ounces of gold per ton

are to be found on the property, but the existence of high grade sections of significant size must for the present be considered unproven. A program of structural mapping on the H Group is under consideration for the coming season, with a view to locating a structural control to possible high grade shoots.

Last winter your Company staked 72 claims adjoining Pine Point Mines on the north, south of Sulphur Point, N.W.T. Considerable delay was experienced in the recording of these claims, due to the large number of disputes arising from the staking rush in the area. These delays, and the shortage of qualified geophysical crews in the area, made necessary the postponement of any work until the 1967 season. The claims are in good standing, and are held by a wholly owned subsidiary Yellowknife Base Metals Limited. It is anticipated that the financing of exploration work on these claims will be arranged through financing of this subsidiary, to be undertaken by your Company in conjunction with others.

During the spring your Company purchased 6 claims in the Victory Lake area, northeast of Yellowknife, N.W.T. These claims covered a number of showings on an andesite rhyolite contact which had been inconclusively drilled by Cominco in 1955. An additional 107 claims were staked along this contact. Geophysical work with consider-

able trenching and sampling was carried out on the more promising areas. While extensive base metal values and numerous conductors were discovered, a considerable amount of further work will be required to prove or disprove this ground. The property is held by another wholly-owned subsidiary, Victory Lake Mines Limited.

Probably the most important step taken this year was the purchase of over 500 claims in the James Bay Lowlands - Moosonee area. These claims consist of four blocks, two of which lie just south of the Moosonee Indian Reserve, a third lies approximately 3 miles south of the Reserve, and a fourth adjoins Concession No. 13758 on the north corner not far from where Imperial Oil and Consolidated Morrison are reported to have made a large comparatively high grade columbium discovery. Government geophysical surveys indicate that the ground lies in a magnetic zone located within a prominent gravity anomaly. The presence of a large body of basic and ultra basic intrusive combined with the aforementioned geophysical features would indicate good possibilities for base metal deposition. For your further information, an excerpt from the October 6th, 1966 issue of The Northern Miner, giving particulars of the Imperial Oil/Consolidated Morrison development, accompanies this report.

Your Company's consulting engineers recommend that allowance be made for substantial outlays on the Company's claims in the Moosonee area. Immediately anticipated expenditures will include \$25,000 for airborne geophysical surveys, with possible expenditures of about \$125,000 for ground

geophysical follow-up; geological examination and test diamond drilling of interesting indications could cost a further \$160,000.

Your Company's present net working capital is approximately \$350,000. Your directors consider it prudent to make proper provision for the Moosonee area exploration expenditures that might be met, together with provision for further work on your Company's holdings in the Northwest Territories, without unduly depleting your Company's working capital. Your directors are of the opinion that the present market conditions are not suitable for further equity financing through public offerings of treasury shares of the Company at this time.

As an alternative, therefore, your directors have arranged for the Company's acquisition of a controlling block of shares in Great Basin Metal Mines Limited, a corporation with net working capital of approximately \$255,000, with a view to causing Great Basin, as a controlled subsidiary, to participate directly or indirectly with the Company in the Company's exploration programme. The Company may subsequently cause Great Basin to enter into similar transactions for the acquisition of control of other corporations having substantial working capital, with a view to assembling the substantial funds that may be required for these major projects.

The notice of meeting which accompanies this Report includes a copy of the directors' resolution relating to the acquisition of Great Basin shares. This is an arm's-length transaction for a purchase price of \$98,000; a finder's fee of \$2,500 is payable, bringing

the Company's acquisition cost for the Great Basin shares to \$100,500. The 675,000 shares of Great Basin to be purchased constitute effective control of that corporation. It will be noted that the Great Basin shares to be purchased are "escrowed" shares; any release from escrow is conditional on the consent of the Ontario Securities Commission. This provision, however, is not relevant in that the Company intends the purchase of these shares as an investment and without any immediate view to their re-sale. The acquisition of the Great Basin shares is presented to the shareholders of the Company for their approval at the request of the Stock Exchanges on which your Company's shares are listed.

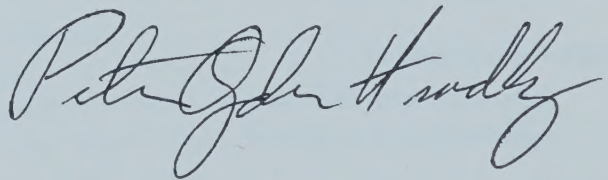
The notice of meeting accompanying this Report also includes a copy of a resolution, for the shareholders' consideration, relating to the Company's investment powers in general. As will appear from the material contained in the notice, a Prospectus of the Company contained certain undertakings relating to investment of the Company's funds; your directors are of the opinion that, subject to approval by shareholders, the Company's investment powers should be broadened. If this resolution is approved, consideration can then be given to the acquisition of the Great Basin shares.

In summary, your directors believe that the proposed acquisition will be of substantial benefit to your Company and will substantially increase the aggregate working capital available for exploration of projects in which the Company is interested. Your directors unhesitatingly recommend ratification of the proposed acquisition and confirmation of the above-mentioned resolutions.

It is hoped that as many shareholders as possible will be able to attend the annual and special general meeting in person. Those who are unable to do so are respectfully requested to date, sign and return the instrument of proxy which accompanies the notice calling the meeting. You will note that provision is made in the instrument of proxy for your direction as to the voting of your shares.

Respectfully submitted,

On behalf of the Board of Directors,

A handwritten signature in dark ink, appearing to read "Peter John Hardy". The signature is fluid and cursive, with the first name "Peter" being the most prominent.

President.

December 1st, 1966.

CONSOLIDATED MAN

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Balance Sheet as

ASSETS

Current assets:

Cash in bank	\$ 47,677.78	
Cash on deposit	145,000.00	
Accounts receivable	20,865.35	
Marketable securities — at cost (Quoted market value \$159,696.50)	176,840.76	
Accrued interest	4,352.50	\$394,736.39

Investment in other mining companies (notes 2 and 3)

Capital stocks — at cost	\$ 22,167.55	
Advances	23,006.58	45,174.13

Unlisted securities — at nominal value 1.00

Mining properties — at cost (note 1) 186,600.00

Interest in prospecting grubstake — at cost 1,000.00

Deferred expenditure:

Exploration and development	\$102,154.17	
Administration and general	42,148.01	144,302.18

\$771,813.70

The accompanying notes are

AUDITORS' REPORT

We have examined the balance sheet of Consolidated Manitoba Mines Limited and application of funds for the year ended on that date. Our examination included and other supporting evidence as we considered necessary in the circumstances. V

In our opinion, the above balance sheet and attached statements of deferred position of the Company as at August 31, 1966 and the results of its operations applied on a basis consistent with that of the preceding year.

TORONTO, Canada,
December 8, 1966.

BOBA MINES LIMITED

Liability)

laws of Manitoba)

August 31, 1966

LIABILITIES

Current liabilities:

Accounts payable \$ 28,758.34

SHAREHOLDERS' EQUITY

Capital stock:

Authorized: 5,000,000 shares of \$1.00 each

Issued and fully paid: 3,017,275 shares \$ 3,017,275.00

Less: Discount on shares 1,440,596.30

\$ 1,576,678.70

Deficit 833,623.34 743,055.36

Approved on behalf of the Board:

PETER OGDEN HEADLEY, Director.

MORTON SCHIFF, Director.

\$771,813.70

integral part of this statement.

THE SHAREHOLDERS

at August 31, 1966 and the statements of deferred expenditure, deficit and source
general review of the accounting procedures and such tests of accounting records
we received all the information and explanations which we have required.

expenditure, deficit and source and application of funds present fairly the financial
year ended on that date in accordance with generally accepted accounting principles

NEFF, GOODWIN & CO.,
Chartered Accountants.

CONSOLIDATED MANITOBA MINES LIMITED

STATEMENT OF DEFICIT FOR THE YEAR ENDED AUGUST 31, 1966

Balance, August 31, 1965	\$860,462.08
Deduct: Proceeds of sale of unlisted securities	26,838.74
Balance, August 31, 1966	<u>\$833,623.34</u>

NOTES TO THE FINANCIAL STATEMENT AUGUST 31, 1966

1. Mining properties

Coronation Gulf, Northwest Territories

90 unpatented mining claims in the Coronation Gulf area, MacKenzie District, Northwest Territories, acquired for \$28,000.00 cash and 500,000 shares of capital stock valued by the directors at 10 cents per share \$ 78,000.00

Moosonee, Ontario

537 unpatented mining claims in the District of Cochrane, Larder Lake Mining Division, Ontario, acquired for \$105,600.00 cash 105,600.00

Coronation Gulf, Northwest Territories

30 unpatented mining claims in the Coronation Gulf area, MacKenzie District, Northwest Territories, held under option and recorded at cash payments made thereunder to date. On November 25, 1966 this option was abandoned 3,000.00
\$186,600.00

2. Investment in other mining company

The Company sold its Pine Point area claims for 750,000 shares of the capital stock of Yellowknife Base Metals Limited, a 3,000,000 share company incorporated under the laws of Manitoba. These shares are carried at \$12,667.55 being the acquisition cost of the mining claims to the Company.

3. Investment in other mining company

The Company sold its Victory Lake claims for 750,000 shares of the capital stock of Victory Lake Mines Limited, a 3,000,000 share company incorporated under the laws of Manitoba. These shares are carried at \$9,500.00 being the acquisition cost of the mining claims to the Company.

CONSOLIDATED MANITOBA MINES LIMITED

STATEMENT OF DEFERRED EXPENDITURE

FOR THE YEAR ENDED AUGUST 31, 1966

Exploration and development:

Coronation Gulf claims:

Balance, August 31, 1965		\$ 37,305.74
Diamond drilling	\$23,126.97	
Engineering fees and expenses	12,948.41	
Travel and transportation	11,696.31	
Supplies	9,018.98	
Geophysical surveys	4,723.80	
Assaying	1,308.40	
Equipment rental	646.00	
Telephone and telegraph	354.79	
Licenses fees and taxes	100.00	
Maps and permits	81.52	
Sundry expense	43.25	64,048.43
		<hr/>
Balance, August 31, 1966		<u>\$101,354.17</u>

Moosonee claims:

Consulting fees		\$ 800.00
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Balance, August 31, 1966		<u>\$ 800.00</u>

Total		<u>\$102,154.17</u>
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Administration and general expenditure:

Balance, August 31, 1965		\$ 22,953.87
Head office and management service	\$ 4,840.00	
Transfer agents fees	5,661.14	
Legal and audit fees	9,613.90	
Directors' fees	1,600.00	
Shareholders' reports	1,814.93	
Postage, printing and stationery	366.70	
Government fees and taxes	523.51	
Travel	9,478.45	
Public relations and advertising	1,020.15	
Telephone	2,187.88	
Insurance	695.50	
Miscellaneous expense	23.38	
		<hr/>
	\$37,825.54	
Less: Interest earned	18,631.40	19,194.14
		<hr/>
Balance, August 31, 1966		<u>\$ 42,148.01</u>

CONSOLIDATED MANITOBA MINES LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED AUGUST 31, 1966

Source:

Sale of unlisted securities	\$ 26,838.74
Interest earned	18,631.40
	<u>\$ 45,470.14</u>

Application:

Acquisition cost of Moosonee claims	\$105,600.00	
Option payment Coronation Gulf claims	3,000.00	
Advances to other mining companies	23,006.58	
Shares in other mining companies	22,167.55	
Exploration and development expenditure	64,848.43	
Administration and general expenditure	37,825.54	256,448.10
	<u></u>	<u></u>
Decrease in working capital		\$210,977.96

	August 31,		
	1966	1965	
Current assets	<u>\$394,736.39</u>	<u>\$581,292.87</u>	
Current liabilities	<u>28,758.34</u>	<u>4,336.86</u>	
Working capital	<u>\$365,978.05</u>	<u>\$576,956.01</u>	<u>\$210,977.96</u>

